



3510-07-P

DEPARTMENT OF COMMERCE

Bureau of the Census

[Docket Number 120103003-1757-01]

Proposed Data Sharing Activity

AGENCIES: Bureau of the Census, Department of Commerce

ACTION: Notice and request for public comment

SUMMARY: The U.S. Bureau of the Census (Census Bureau) of the Department of Commerce proposes to share business data for statistical purposes. More specifically, the Census Bureau will share selected business data of multi-location businesses with the U.S. Bureau of Labor Statistics (BLS) of the Department of Labor. In accordance with the requirement of Section 524(d) of the Confidential Information Protection and Statistical Efficiency Act of 2002, we are providing the opportunity for public comment on this data sharing action. Through the use of these shared data, BLS will use the Census Bureau's multi-location company data to achieve efficiencies in the maintenance of its universe list of U.S. businesses. The BLS employees and agents who will have access to the Census Bureau data protected by the confidentiality provisions of Title 13 are required to obtain Census Bureau Sworn Special Status. These BLS employees and agents must have suitable background clearance and must complete an annual Title 13 Awareness Training.

DATES: Written comments must be submitted on or before **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

ADDRESSES: Direct all written comments on this proposed program to the Director, U.S. Census Bureau, Room 8H001, Mail Stop 0100, Washington, DC 20233.

FOR FURTHER INFORMATION CONTACT: Shirin A. Ahmed, Assistant Director for Economic Programs; Room 8K108, U.S. Census Bureau, Washington, DC 20233; phone (301) 763-2558; or e-mail Shirin.Ahmed@census.gov.

SUPPLEMENTARY INFORMATION:

Introduction

The Confidential Information Protection and Statistical Efficiency Act of 2002 (CIPSEA) (Pub. L. No. 107-347, sections 501-526, 44 U.S.C. 3501 note), and 13 U.S.C. 402 allow the Census Bureau to share business data for statistical purposes with the BLS. Section 524(d) of CIPSEA requires public notice of the intent to share data (allowing 60 days for public comment), whenever the data to be shared were collected through mandatory reporting, and the respondents were not informed that the data could be shared among the statistical agencies. Section 524 also requires the Census Bureau to provide information about the terms of the written data sharing agreement. The following are covered in this notice:

- background;
- data items to be shared with BLS;
- improvement or creation of products by use of data for statistical purposes; and
- legal authority regarding confidentiality and data access.

Background

Both the Census Bureau and the BLS compile and maintain their own, separate comprehensive lists of active U.S. businesses called universe lists. The Census Bureau and BLS universe lists are similar in content, and are costly for the government to maintain. The lists can also be burdensome on businesses that are required to respond to multiple surveys. However, these lists are critical to the quality of source data and the timely preparation of many key indicators of U.S. economic performance.

The Census Bureau and the BLS can achieve major qualitative enhancements and cost efficiencies through increased data sharing. Specifically, the sharing of these data will allow the two bureaus to develop consistent industry classifications of establishments and companies and improve multi-location coverage, thus improving the comparability and accuracy of Federal economic statistics.

In the *2002 Economic Report of the President*, the Council of Economic Advisers noted the critical need for reliable statistical data, and stated that expanded sharing among Federal statistical agencies would increase data quality. In an October 2005 *Workshop on the Benefits of Interagency Business Data Sharing* sponsored by the National Research Council, representatives of several agencies advocated an increase of business data sharing among Federal statistical agencies. Moreover, subsection 521(a) of CIPSEA finds that enhanced sharing of business data among these three Federal statistical agencies will improve their ability to track the large and rapidly changing nature of U.S. business more accurately. Consequently, section 522 of CIPSEA authorizes the sharing of business data among three designated statistical agencies -- the

Census Bureau, the BLS, and the Department of Commerce's Bureau of Economic Analysis (BEA). In addition, section 523 of CIPSEA mandates that heads of these agencies identify opportunities to eliminate duplication, reduce reporting burdens and costs imposed on the public in providing information for statistical purposes, and enter into joint statistical projects to improve the quality and reduce the cost of statistical programs.

Over the past several years, the Census Bureau and the BLS have conducted comprehensive research to evaluate each other's business lists and to analyze opportunities to improve each list through increased data sharing. This research confirms that data sharing not only will improve the comparability and accuracy of Federal economic statistics, but will also produce efficiencies.

Data Items to be Shared with BLS

The BLS will benefit from selected multi-location data, which already exists in the Census Bureau's Business Register. The Business Register combines administrative data with Census-collected information to produce a comprehensive business universe list. Data from the 5-year Economic Censuses and the annual Company Organization Survey (COS) provide much of the organizational, structural, and establishment-level data for multi-location companies. The Economic Census also provides precise industrial classifications based on the value of product and/or service outputs. The Census Bureau carries out a separate data collection regarding multi-location companies, because administrative records do not identify the relationship among multi-location companies and their affiliated Employer Identification Number (EIN) entities and establishments. All of these Census Bureau data are collected under the provisions of Title 13 of

the United States Code, sections 182, 195, 224, and 225.

The Census Bureau will furnish the BLS with several categories of multi-location company data:

- North American Industry Classification System (NAICS) codes and associated multi-location information, including the business name and address; state, county, and place geocodes; EINs; the source of the NAICS codes; first quarter employment; and first quarter and annual payroll.
- Enterprise linkages for multi-location companies, including the EINs and establishment-level linkages for multi-location companies across states.
- Product-level codes from the Economic Census and other economic programs.
- Non-profit indicators from the Economic Census.
- Foreign-ownership information from the Economic Census and the COS, including the names, addresses, and EINs of multi-location companies with indications of foreign ownership, together with the foreign country codes.

The Census Bureau will provide only data that are free of Federal Tax Information.

Improvement or Creation of Products by Use of Data for Statistical Purposes

The BLS will use these shared data exclusively for authorized statistical purposes, as defined in section 502(9) of CIPSEA. As a result, a number of benefits will accrue to the Federal government from this data-sharing initiative. These benefits include the improvement of existing data products or creation of new data products. For example, the sampling frames for BLS' Producer Price Index and International Price Program can be enhanced. The BLS will use the Census Bureau's product-level codes and the associated data to augment the sampling frames and improve sampling strategies of these two programs.

The comparability and accuracy of Federal economic statistics will be improved, through the use of more consistent industry classifications. In addition, certain statistical products such as BLS' Business Establishment List will benefit from improved coverage provided by the additional Census Bureau data. The BEA will also benefit from more consistent macroeconomic statistics provided by the Census Bureau and the BLS in conducting its national accounts programs.

Legal Authority Regarding Confidentiality and Data Access

The sharing of confidential Census Bureau business data is authorized under Title 13, U.S.C., sections 8(b), 23(c), and 402; and CIPSEA. The Census Bureau data are confidential under Title 13, U.S.C., sections 9 and 214. The BLS data are protected under CIPSEA, Subtitle A; the Trade Secrets Acts, 18 U.S.C., section 1905, and BLS Commissioner's Order No. 1-06, "Confidential Nature of BLS Statistical Data."

Subtitle A of CIPSEA addresses confidential information protection afforded data that are acquired by Federal agencies for exclusively statistical purposes under a pledge of confidentiality. In accordance with the requirements of section 512 of CIPSEA, the BLS will use the shared data, which was acquired under a pledge of confidentiality, for exclusively statistical purposes. BLS will ensure that all confidential data will be protected and will be accessible only to authorized personnel with a work-related “need to know.”

In addition, the BLS employees and agents who will have authorized access to confidential Census Bureau data are required to obtain Census Bureau Sworn Special Status. They will be sworn to observe the provisions of Title 13, U.S.C., section 9, and will be advised of the penalties for improper disclosure under Title 13, U.S.C., section 214, and section 513 of CIPSEA. Under both provisions, the penalties are imprisonment for no more than five years, a fine of no more than \$250,000, or both. These BLS employees and agents must also have suitable background clearances and must complete an annual Title 13 Awareness Training.

To ensure the adequate safeguarding of confidential business data, the Census Bureau will also conduct annual security reviews. The BLS will permit access for the purpose of conducting these reviews by appropriately sworn employees.

Pursuant to section 524(d) of CIPSEA, the Census Bureau and BLS intend to enter into a written agreement for this data sharing action, after taking into consideration comments received in response to this notice.

Date: _January 23, 2012_

Robert M. Groves
Director
Bureau of the Census

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